PLAYING THE GAME

ZEBEDIAH FLINT

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BY

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An Invitation

SOME reviewers of advance copies of this work have been good enough to say that it could not but prove helpful to any who read it. That is as much as I can wish for. Any reader who would test my willingness to be of further assistance in solving his own actual personal problems, is invited to write and present them. I shall consider it a privilege to render whatever aid I may, to the best of my ability, without cost or obligation, in fixing up a budget, recommending books or sources from which information on particular subjects is to be secured, and in any way contributing to the success of any effort toward advancement. I shall feel complimented by every request for such service and again invite you most cordially to send for it, addressing me in care of the publishers of this book.

ACKNOWLEDGMENT

The narrative portion of this fact recital was a simple task. It required only that I tell to you what the man who lived the story told to me.

The explanatory part was a pleasure. The subject was familiar as a result of years of study, examination and experience.

The reflective passages were rather self-satisfying in the writing. Deservedly so or otherwise, it is yet a source of gratification to impart to a large audience, thoughts one considers worthy and helpful

But the figures. That was the job! While I have never met a man more entirely incapable of falsehood or deceit than the man who made the investments and received the rewards therefrom as recounted in these pages, still the figures, of course, had to be checked up. We had a record of the amounts paid out and received and it was turned over to me when I embarked upon this task. But his detail account of expenditures and receipts, his expense book, was begun some time after his actual start in February, 1908, and there was just a possible chance that some one or more of his figures might be inaccurate. I could not take the responsibility of passing them on to you without verification. I would not have believed that the statistical research this involved could necessitate as much work as it did. It affords me much pleasure to acknowledge my indebtedness to and grateful appreciation for the assistance in verifying prices, dividends and other statistical details, given by

Moody Manual Company
Publishers of *The Corporation Service*

Standard Statistics Co., Inc.
Publishers of *Standard Corporation Records*

William B. Dana Company
Publishers of the *Commercial and Financial Chronicle*

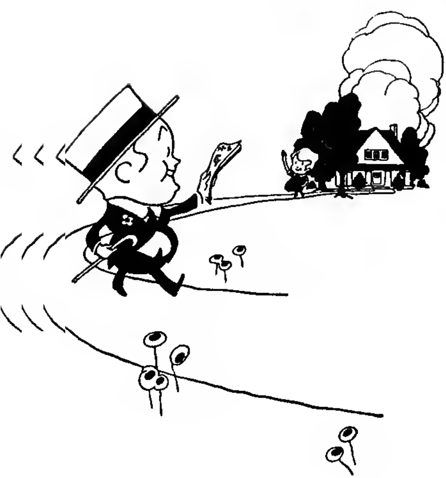
Poors Manual Company
Publishers *Poors Manuals*

PLAYING THE GAME

TO WIN

THE jolliest, the most fascinating and interesting game in the world. The source of pride, pleasure and satisfaction. And anybody can play it; with a little effort, can play it well. And the harder you try the better you play and the better you play the more joy there is in it. It is the game of life, or rather the game of getting on and prospering and really living life. If people only knew how entirely unnecessary it is to be unhappy or discontented there would be no need for this little book. But having seen so many, many cases that prove how surely and easily success, comfort and happiness are the natural inevitable results of habits cultivated along the lines herein pointed out, I know that the labor of this work will not be in vain.

The big ambitions of the average normal man and woman are to marry happily, to own a home, to have children and to make and have money enough, at least to insure freedom from worry. Regarding two of these ambitions—marriage and children—we all know that people who think right and live right are more likely than others to have happy families. As to possessing the home and the money only one thing is required; not genius, not brilliancy, nor early schooling, nor strength, nor luck, nor heritage—none of these. Just one thing, and that is consistent, properly directed effort. Now, don't shy at the word "effort," for I assure those among you who do not already know it that properly directed effort is the greatest known source of joy, as well as being scientifically sure to provide all the money the effort deserves.



RULE ONE

Success in life is due to no mysterious or fortunate qualifications. It is achieved by following certain definitely known methods and principles which are clearly stated and explained in this work.

The first requisite is the habit of saving. Save systematically. Save with method. Save scientifically. Don't say you can't save. Don't even think it until you've read the rules of the game and tried. Your spending ability is limited anyway by your income. Limit it a bit more and systematize it. It's the best and most profitable game you ever played.

Let us see now. What is your favorite pastime? Baseball, golf, tennis, pool, billiards, pinochle, bridge-whist, poker, chess, checkers, skating, boating, motoring, movies, or what-not, the chances are that what you like much, you know and do well. Take my word for it you will find more actual sport in the game I shall

teach you than in any of the others, because for one thing, the results stick; the benefits grow, the prideful sense of accomplishment expands and the increased ability to accomplish keeps pace with it. Day by day, month by month, year by year, the house, the bank account, the health, the friendships, the joys of life and assurance of the future you build grow larger, wider and better. Why it's the whole thing, this game of life, and it's well worth playing well. It is no game of chance, this. It is a game in which the spirit and pluck to do and play rightly and well just outgame and win from the other fellow who, through ignorance or heedlessness fails to conform with the rules.

Thrift in business management has come to be recognized as a war necessity—it must continue after the war as an economic necessity. It has always been an essential to business success. Thrift in the conduct of our personal affairs, in

the affairs of the home, is no whit less important. Conduct your personal affairs on business principles and they must prosper. In the practice of both kinds of thrift an individual, a local and a national service are rendered. And the result of such service is unique for the promptitude and plentitude of its personal reward.

Economy indicates neither stinginess nor deprivation. According to the dictionary it is "Any practical system in which means are adjusted to ends." Thrift is defined as "vigorous growth" and also as "prosperity through good management." Thrift is the mother of competence.

Our advocacy of thrift and proper economy is in the constructive sense of these literal definitions; and it brings a finer, better, fuller enjoyment of the

good things life offers to all of us who have the will to learn life's true comparative values. Who saves nothing has nothing. Who has nothing is nothing.

The big point in securing converts to systematic saving is to induce right thinking—get the psychology straight and the rest will follow automatically. The biggest surprise the new convert to systematic saving usually receives is not how little he actually lays by, but how much he has at the end of six or twelve or twenty months.

The ambition to accumulate money is laudable and right. Keep in mind the joy of the game. Keep in hand the controlling moves. Handle your money but never let your money handle you, for rightly handled money brings comfort, happiness, friendships and self-development.

Don't let your interest lag here for I'm not going to harp on the importance of saving much longer. I'm going to tell you just how to do it. I'm going to tell

you just how to make more money than you are making, out of which you should of course save more. And then I shall show you how to make money with the money you save. How, without speculating or gambling or running any risk, your income from the money saved will exceed your income from earnings. It's all within these covers. It's not by accident or luck but by exact science. The science of success.

First, in addition to the above quoted dictionary definition of economy let us give another authority. Ruskin says, "Economy no more means saving money than it means spending money; it means administration of a house; its stewardship; spending or saving, whether money or time or anything else, to the best possible advantage."

I advise no one to skimp. Just get the best results without waste of money or time or energy. Exactly how much can or should be saved out of any given

amount of income varies, of course, with the conditions covering each case. But given knowledge of the size of a family, where it lives, the business and income of the provider, the social and educational requirements, a budget can be made to fit so nearly that a few months trial will serve to adjust whatever slight discrepancies may be found in the original draft. Such a budget means merely what should be devoted to Shelter, Food, Clothing, Operating Expense, Savings. Luxuries and Advancement, with these seven headings subdivided in such detail as to leave no contingency unprovided for.

MUCH FROM LITTLE

A few months ago a man came into my office who has never earned more than $100 a month in his whole life. He is thrifty and economical. For ten years he has laid aside from salary $25.00 monthly, following out exactly the plan you will find explained in detail further on in this book. These savings with their natural value increase and earnings now amount to $10,000 and give him considerably over $50.00 a month income in addition to the money he earns. From the latter he still puts aside $25.00 a month to which he is adding $50.00 of the income from his savings. Now he has $75.00 a month working for him on the same job at which $25.00 a month made for him $10,000 in 10 years, so that in another 10 years he will have approximately $40,000 and without work have $2400, a year to do as he pleases with at 42 years of age. It works out with

mathematical accuracy. It requires only the common sense to exercise self control. And you can do at least as well, in proportion as your savings are larger or smaller.

To regulate your savings you must keep a simple expense book made for the purpose and so laid out that any one can make the necessary entries without any knowledge of bookkeeping being required. Several good books of this kind are published, at from 75 cts. to $2.00 the copy according to size. Every copy pays for itself many times over to the man, woman or child who uses it. It shows the science of saving so attractively and simply that to master and operate it is a pleasure.

It has spaces for income and sources from which it is received. Expenditure has columns divided as stated on a preceding page, but more and sufficiently in de-

tail for every day in the month and every month in the year; with a recapitulation at the end of each year, which is in itself invaluable. The system is as nearly automatic as an accounting record can be made and is simplicity itself. It practically does the work *for* you. It is the first essential step to financial ease and given the chance will save and make you much money. Unless you are willing to commit yourself to its constant use, and that means only two minutes a day, you cannot with anything like the same degree of confidence be assured of sailing safely through the shoals and into safe waters. Devotion to the expense book is a large part of the battle, Practice makes more in this case than perfect. It makes habit. And this habit makes thrift, makes money, makes income.

PLEASURE AND ADVANCEMENT

You're going to get a lot of pleasure out of this expense book. You will like

the game of beating extravagance and waste and useless expenditure and watching the dollars grow and multiply from the mere sowing of some sense. And you will cultivate the ground on which they grow and accumulate and the game will grow on you and fascinate you until you are expert at it and take joy in its every play and development. Your character will strengthen, the respect of neighbors will be yours as well as worth while friends. Your advice will be sought and you will wish to increase your store of information. Worthless reading will have no attraction for you. I would recommend that you become a reader of SERVICE serial publications.

Most people who read trash read it without even knowing that it is trash. Many read it because they do not know how interesting is good reading that instructs and improves even while it delights and entertains. By no means the least of the many benefits conferred by

SERVICE is the carefully considered course of reading recommended for acquiring knowledge of general or specific character. Though more time would be better, yet one can be thoroughly informed on most subjects by devoting regularly only fifteen minutes per day to the best literature published in relation to the matter it is desired to study. Such knowledge fits one to earn more money, to enjoy life better and to see and seize opportunities promptly. And it is more interesting reading than any other kind. Just read Arnold Bennett's "HOW TO

LIVE ON TWENTY FOUR HOURS A DAY," as a starter and let me know what you think of it. The book is published by George H. Doran Company, New York City, and may be secured through any bookseller. Written by an Englishman as it is, the terms, of course, are British. The scenes are in and about London. Pounds, shillings and sixpence are spoken of where we are accustomed to mention dollars, quarters and dimes. But the philosophy and wisdom of the author, unless you disappoint me, will appeal to you. Time, God's most bounteous gift to man, will have a new meaning.

FORTUNE

Now that we have made the start, the real start by resolving to save at least something every week no matter what happens: a stipulated definite amount to be put aside in any event and at all cost, every week or every month, whenever it may be that your earnings are paid: now

that this is decided we may fare forth to fortune.

Let us accompany our $100 a month friend who began saving his $25.00 a month ten years ago. He's just a good natured plodder of no more than average intelligence. Where nine out of ten other men would have advanced and mentally improved themselves, he has been handicapped by being able to read only very slowly and laboriously. A handicap which he never seemed to have any inclination to overcome until after his recent call upon me. He simply didn't know what he was missing. We've had several talks since. What the man has done in the last ten years (he's only 32 now) shows he has the stuff in him. I'll venture to say he'll be not only a fluent and discriminating reader but an interesting conversationalist before very long. But that's ahead of our story.

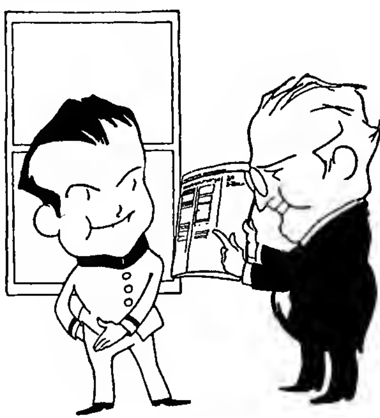
The story really begins in February 1908, at which time he had saved some-

thing over $100. He was (and is) an officer in an office building where are located several stock brokers and bond houses. A speculatively inclined elevator man in the same building had been there for years, taking stock market chances with his meagre wages through a clerk in one of the offices. This man, John told me, had frequently made winnings but always lost them back, through market reactions, margin calls and the numerous other percentages which make the odds against speculation so heavy as to be well nigh impossible.

John didn't work out the solution for himself. He fell into it. In the course of his duties he happened to render a particular service to a wealthy lawyer in the building, who wished to know how he could best return the favor. John requested that the attorney buy for him some stock that was going up. A very busy man, the attorney had no time to explain the intricacies and uncertainties of stock mar-

ket price movements, but undertook to invest for John $25.00 per month if paid in regularly on the instalment plan and to handle it to the best of his ability. That's really all John had to do with his present comparative wealth *except that he regularly kept up the instalments without ever missing a payment.*

The attorney was counsel for some big corporations and had keen knowledge of financial affairs. This is what he did. He selected the following securities for John's first investment and he made a just, fair, business proposition out of the whole transaction. Here was an opportunity to demonstrate in practice a method of helping a thrifty purchaser to save and acquire outright ownership of valuable securities. He had previously given considerable thought to



such a plan and was interested in carrying it out. A good business, thought he, could be built up along those lines. But to carry on the sale of securities as a business, a charge must be made. A charge at once reasonable and fair to the buyer and sufficient to remunerate the seller. So the attorney contracted with John for a payment of 20% down, and the rest, plus a modest SERVICE charge of 8% on the total, to be paid in 20 equal consecutive monthly instalments. The contract called for the delivery of the securities named therein at the expiration of twenty months or as much sooner as paid for in full. It ignored market fluctuations and margins. It is in fact, the fairest, squarest securities sales contract I have ever seen. It affords every protection and safeguard to the purchaser, and it is the form from which was evolved the perfected SERVICE bond now issued by a million dollar Fiscal SERVICE Corporation of New York City.

THE START

John's first purchase was made in February 1908 and called for—

Shares	Security		Price	Amount
1	General Electric . . .	@	$113.50	$113.50
2	National Biscuit . . .	@	73.12½	146.25
1	Atlantic Coast R. R. . .	@	60.25	60.25
5	Utah Copper	@	23.75	118.75
5	U. S. Steel	@	27.25	136.25
				575.00
	Initial Payment			115.00
	Net Balance			460.00
	Service Charge 8%			46.00
	Balance Due			506.00

Before we go further, let us understand clearly the reason for, and the moderation of this 8% service charge. This we may best do by explaining just how and why that amount was decided upon. John's first payment was 20% of the market value of the securities at the time of entering into the contract to purchase. Now, 20% of $575.00 is $115.00 and that left an unpaid balance due of $460.00, which

amount plus the service charge, he agreed to and actually did pay in 20 months at the rate of \$25.30 per month. Thus it was 20 months before this balance of \$460.00 was paid. Interest at 6% per year is ½ of 1% per month and therefor for 20 months it amounts to 10%. John's friend didn't call it interest because the purchase contract was not completed until all payments were made, but the amount of the service charge, \$46.00, was exactly the same as interest on the unpaid balance of \$460.00 for 20 months at 6% per year.

Many times, John says, during this first 20 month period, he went without little indulgences he desired. But he soon saw that he was quite as well, if not better off, without them and presently ceased to miss them at all. The realization that he

was building up a competence grew upon him and gave him confidence in the future. In fact, almost a full month before his final payment was due he sought out his friend and made arrangements for another purchase on similar terms. He had, in the meantime received $74.25 in dividends. That was almost 12% of all the money he had paid in. It was at the rate of more than 7% per year on his money, had he paid it all in advance.

In October 1909 he made his final payment in full for the stock. It had cost him a total of $621.00. Its market value then was $1,215.00. It was ample collateral to enable him to continue purchases without a 20% first payment but he preferred to pay in the $74.25 dividends which, as he then figured, was so much velvet. Why not make it produce more? So on the day he made his final $25.30 payment and secured actual possession of his first lot, he made his initial payment, $74.22, on his second purchase.

STEPPING UP

He now bought, in October 1909:

Shares	Security		Price	Amount
1	International Nickel . .	@	$135.00	$135.00
1	Corn Prod. Pfd. . . .	@	83.25	83.25
10	Amer. Can	@	11.62½	116.25
1	Western Union	@	75.75	75.75
2	U. S. Rubber	@	45.37½	90.75
1	Amer. Agri.	@	45.50	45.50
				546.50
	Initial Payment			74.22
	Net Balance			472.28
	Service Charge			43.72
	Balance Due			516.00

This balance due he paid in 20 equal consecutive monthly instalments of $25.80 each.

Here was John, a man of very moderate means, easily buying high-grade securities, paying for them without effort and getting the benefit of all the profits they earned

right from the day of his first payment. Unwittingly he had stumbled upon the very method by which great wealth is accumulated. Saving and investing by this plan $25.00 a month has in the first ten years given him $10,000 and an income which in the last 20 months amounted to $96.00 per month. Now that he is adding $50.00 from his dividends to his savings, the first twenty years will give him $40,000 and $200.00 a month. Is it or is it not worth while?

Men of larger earning capacity are doing the same thing with $250.00 a month and $2,500.00 a month. And the same advice and counsel upon which those sums are invested are available to you for the asking. Even though you may at present be able to save only $5.00 a month. Yes, even though your limit be a dollar a week, any one of several responsible financial institutions will give your account the same care and attention it gives to the man who buys securities to the value of a thousand a week.

Don't get the notion, however, that it is a purely charitable or philanthropic concern. It is not. It is a highly efficient and reasonably profitable business institution which makes a fair percentage net out of its gross service charge. Necessarily profits are bigger from large accounts than from small. And this supplies one of the reasons for the excellence of the personal SERVICE it gives. No matter how small the amount you may begin with, the corporation's utmost efforts are at your command. The purpose is to help develop your abilities so that you may earn more, save more, invest more and have more.

To my mind, the most admirable safeguard the SERVICE Corporation affords every investor is enunciated in that portion of its policy which states:

> "Utmost care in the selection of sound investment securities of positive intrinsic value is the absolute essence of the SERVICE system-

> atic saving plan. The fact that the purchaser is not under any circumstance subject to margin calls makes his interests identical with ours. We must, therefore, reserve the privilege of refusing to accept contracts for the purchase of securities, which, in our opinion, are too hazardous for safety."

There are houses in the business of selling stocks and bonds on the partial payment plan, which are undoubtedly responsible. Unquestionably also, others are utterly unfit by training, responsibility and intention, and in financial transactions you should be *sure*. I would recommend a real SERVICE corporation whose plan and organization must be the best, with SERVICE to subscribers far and away above anything even attempted by others and with financial responsibility a known tower of strength. Its conservatism must add a final element to your feeling of safety and confidence;

and that's a very comfortable feeling to have.

FOLLOWING JOHN

Well, we musn't lose sight of John, who is now stepping up the ladder with much pride and strength of purpose. In June 1911 the securities he had bought at a total actual cost to himself of $1,137.00 had a market value of $1,811.00 and he had during the last 20 month period received $155.50 in dividends. This he used for his first payment on his third block of stocks, which were as follows:

Shares	Security		Price	Amount
1	Sears Roebuck	@	$140.00	$140.00
1	Amer. Steel Fdy. . . .	@	41.50	41.50
1	Amer. Beet Sugar . . .	@	53.00	53.00
1	So. Porto Rico Sugar .	@	88.00	88.00
5	Republic Iron & Steel .	@	30.00	150.00
5	Chino Copper	@	23.50	117.50
				590.00
	Initial Payment			155.20
	Net Balance			434.80
	Service Charge			47.20
	Balance Due			482.00

The balance due was paid $24.10 per month. That brings us to February 1913, just 5 years after the start. At this time John's dividends received and not yet invested were $295.41. Of course, you or anyone buying securities on this plan may keep or use such dividends for any purpose you please. But John's friend had told him of J. P. Morgan's well known saying that "to make money in the long run one must only be a bull on the United States," which means that the country and its industries are growing and are going to continue growing and making more and more money. So that high grade, carefully and intelligently selected securities are bound to increase in value and in earnings and in dividend payments. But to pick out high grade securities, every feature, every detail must be understandingly analyzed. That is where the help of the SERVICE organization experts is necessary. If short time market movements could be foretold they would

doubtless be of value to the speculator. Such fluctuations, however, are transitory and too entirely dependent upon momentary conditions. Furthermore, this book is not addressed to the speculator. I have nothing to say to him or to do with him. In nine cases out of ten he is going broke. The man who gives heed to stock market tips might as well gamble on the spin of a coin or put his money up on some race-track tout's tip on a horse race. For him I have no message. These lines are for the investor and the investor pays no attention to daily or weekly or even monthly quotations, because they really mean nothing. They do not reflect values or earnings. They reflect emotions: hopes that the market will go up; or fears that the market will go down.

FUNDAMENTALS

Well advised purchases are based on fundamental long time trade conditions; character of management; class and quality of output; sources of supply; systems of marketing and progressiveness of method; permanence of demand; company resources; constructiveness of policies; past, present and prospective earnings; probable, improbable and possible developments, social, financial, commercial, legislative and otherwise. These are a few of the many considerations that must be scrutinized, tested, analysed and determined. These points and others are covered before the SERVICE organization advises investment in a security. This means that, so far as can be in human affairs, risk is eliminated. It means that the country's best statistical, analytical, and money-making brains are working for you. There is nothing to be wondered at in that, either.

The good, big, successful companies, industrial, mining, railroad and others, want their stock and bonds distributed as widely as possible. They want as many people as possible to have an interest in their success, and to be pulling for it. A stockholder or bondholder in a corporation is naturally inclined to be friendly towards it. Your good will, everybody's good will, is an asset to a corporation. The corporation uses your money, makes money with your money and pays you for using it. The same is true of a Town, City, County or State, or of the United States when they issue bonds. A Liberty Bond owner has a money interest in his country's success. He is patriotic. He is an asset to his country. The owner of a City's Bonds has civic pride. He is an asset to his City. The owner of

a Corporation's Securities roots for that Corporation's business. He is of value to the Corporation. Partly because of his friendship and partly for the use of his money. He should get paid for it. He does get paid for it. He must, of course, steer clear of get rich quick promotions and place his money only in Governments, States, Cities or Corporations which will properly administer it. To do this he should secure the advice of a capable, honest, properly financed organization whose interests are identical with his own. Don't rush into this systematic investment plan. Think it over. It's the most important thing you ever did in your life. Start only when you've made up your mind to play the game through—at least for 20 months—for once you go through 20 months it's a habit. You'll love it; and you'll go on for sheer love of the game as well as for the money there is in it. One thing I beg of you to start right away —at once. That's the expense book.

Do that now, and you'll feel grateful to me.

5 YEARS

Let us get back to John, who has in the meantime been paying for his third instalment. He now (February 1913) owns outright a rather imposing little list of stocks, well distributed over a wide field of industries.

His securities are valued at this time as follows:

1	General Electric	$140.00
2	National Biscuit	230.00
1	Atlantic Coast Line R.R.	125.00
5	Utah Copper	260.00
5	U.S. Steel	310.00
1	Corn Products Pfd.	74.00
10	American Can	350.00
1	Western Union	68.00
2	U. S. Rubber	124.00
1	American Agricultural	51.00
2½	International Nickel	365.00
1	Sears Roebuck	193.00
1	American Steel Foundry	37.00
1	American Beet Sugar	35.00
1	South Porto Rico Sugar	70.00
5	Rep. Iron & Steel	125.00
5	Chino Copper	190.00
	Securities Values	2747.00

Securities	$2747.00
Uninvested dividends	295.41
On hand	3042.41
Net investment	1619.00
Net profit	1423.41

The reason John now owned 2½ shares of International Nickel was the consolidation effected in September 1912 in which holders of common stock received 2½ shares of new for each share of old stock held.

As John's investment was distributed, this figures about 30% per year on his money for the time it was actually in use. Excellent return for such high grade stocks. Some of them were higher than when he bought them, some were lower. But that caused him not a moment of worry. Dividends on the lot were increasing. Some would probably go

lower still in stock market prices. What of that? Others would go up. He had no thought of selling anyway. What pleased him most was that he had $295.41 accrued interest in his friend's hands with which to make his initial payment on a new purchase. That meant he would get a bigger block this time than on any previous occasion. It meant that his accumulating little store of wealth would grow increasingly faster and bigger with each year; for now his dividends as well as his savings were piling up as capital. Each succeeding period from now on would be more productive than the one preceding it. That's the way the big wealth of Rockefeller, Vanderbilt, Morgan and the rest was produced and is being increased. The start of these fortunes came from personal effort. But their growth was and is proceeding steadily and irresistibly through the earnings of income which, reinvested, becomes addition to principal, and earns more and more each year.

John's lawyer friend was, if anything, more pleased than John himself at the proof of his investment theories. His selections had been good because his sources of information were good. But this information was entirely too incomplete to suit him now. The fascination of the game had taken a firmer hold on him than it had on John, because he better visualized and appreciated its interest and possibilities. He discussed the game with some of the captains of industry and finance, who are his clients.

THE SUCCESSFUL ATTITUDE

The term "game" is his own designation. He's a successful business man as well as a successful attorney. He says success is an attitude. Every task he tackles he approaches and carries through as he does a game of golf or billiards. His invisible adversary is non-success. He glories in the pleasure of the game. He loses, sometimes, but, let me assure you, not often. He doesn't know when

he is beaten. When, on rare occasions he is, he takes defeat with a smile like a sportsman, and tackles the game anew.

He discussed the game with some of his clients, as I was saying, and found that his way was not as new as he had thought. Some of them with large incomes had been buying securities in just this way for years. He employed a statistical expert and secured systematic investment accounts from a number of his clients, friends and acquaintances. The business grew, until the organization necessary to carry it on required extensive quarters. Thus was started the Fiscal SERVICE Corporation, and in it John's friend is an important factor.

Am I imposing on your gooa patience by wandering away in this manner from John's interesting progress? If so, please bear with me; for these little side trips seem to me to be so in-

teresting also, that I am recounting them in the hope they will not tire you.

John's fourth step then, was to buy in February 1913:

Shares	Security		Price	Amount
2	Texas Co. . .	.@	$115.25	$230.50
2	Studebaker Pfd.	.@	90.12½	180.25
5	Central Leather .	.@	26.25	131.25
4	Allis-Chalmers .	.@	9.50	38.00
10	Inspiration Copper	.@	16.00	160.00
				740.00
	Initial Payment			295.00
	Net Balance			445.00
	Service Charge			59.20
	Balance Due			504.20

This balance was paid $25.21 per month. That brings us to October 1914. During the 20 months preceding John's dividends were $309.00. During this month the New York Stock Exchange was closed on account of the European war. Wiser and more experienced men than John were in the clutches of apprehension and uneasiness that values might disappear. Even

John's good friend told him that under the circumstances the future was unknowable. Not that he believed values could be dissipated, but that no one could tell how far down prices might be carried by the hysterical fear of some security owners who seemed willing to sell for anything to realize cash. And many of them were selling. For, in spite of the mandate against it by the Stock Exchange Board of Governors, there was plenty of trading on the curb, in all kinds of listed securities. John's faith, however, was sublime. Who shall say whether its source was ignorance or inspiration, foolishness or good common sense? No war or panic or anything else was going to stop John from going through with the game he loved, as long as he had a job and could save his $25.00 a month. "Good for you, John" said his mentor "go to it."

And John went. Like this:

Shares	Security, October, 1914	Price	Amount
4	Amer. Woolen	@ $11.00	$44.00
5	Amer. Locomotive . . .	@ 18.00	90.00
5	Goodrich Tire	@ 20.00	100.00
2	Int. Harv. N. J.	@ 80.00	160.00
3	Mex. Petroleum	@ 48.00	144.00
4	Miami Copper	@ 16.25	65.00
5	Bethlehem Steel	@ 29.00	145.00
			748.00
	Initial Payment		308.84
	Net Balance		439.16
	Service Charge		59.84
	Balance Due		499.00

This was paid at the rate of $24.95 monthly and was all settled for in June 1916. Meanwhile dividends amounted to $570.50. The size of this amount made them sit up. Here were dividends during 20 months aggregating more than the sum John had paid in. His securities during that time had yielded more than he was paying to own the last portion of them. Why hold this money for 20 months, they argued. These dividends were steadily increasing. Some were en-

tirely to be depended upon. So they decided, very conservatively, that John could safely obligate himself for $25.00 per month from dividends in addition to his $25.00 savings.

THE REWARD INEVITABLE

He bought in June 1916

Shares	Security		Price	Amount
5	Distillers Securities	@	$45.25	$226.25
5	Lackawanna Steel	@	67.25	336.25
4	Union Pacific . . .	@	135.87½	543.50
5	Corn Products Ref.	@	15.50	77.50
5	Amer. Linseed Pfd.	@	48.25	241.25
				1424.75
	Initial Payment			538.73
	Net Balance			886.02
	Service Charge			113.98
	Balance Due			1,000.00

This $1000.00 was paid at the rate of $50.00 per month, $25.00 from savings, and $25.00 from dividends, and the securities became John's property free and clear to be placed, along with the rest of his holdings, in the safe deposit vault for which he was now paying $5.00 a year. The divi-

dends he got from June 1916 to February 1918 were at the rate of $96.00 per month and aggregated $1921.07. Out of this, $500.00 was used in paying for his last purchase in addition to $500.00 used from his earnings. Red Cross dividends have been ignored in every case, because John religiously applied them all to the purpose for which they were intended. His cash balance, including $31.75 uninvested from dividends of previous period was $1452.82. His original one $100 share of International Nickel had by corporate action been converted into 10 shares of $25.00 par each. Also he had received 10 shares of Bethlehem "B" which he kept. He had previously had several stock dividends and subscription "rights" which he promptly sold to swell up his cash dividend account. But when in February 1917 Bethlehem common declared a 200% distribution of "B" stock, he decided to retain that and all future stock dividends that might be declared on whatever secur-

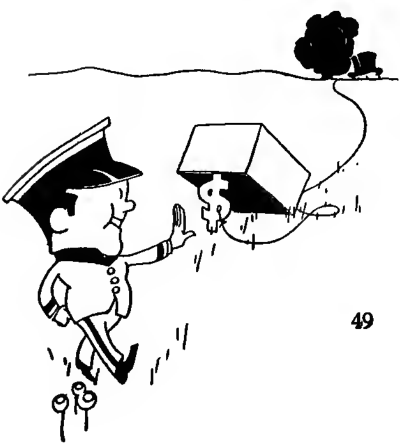
ities he held, unless they came in fractions of shares.

He bought and paid for two Thrift Stamp War Saving's Certificates which will be redeemed by the Government in 1923 at $100.00 each, paying $165.20 for the two.

At this time the Government's third Liberty Loan drive was being discussed, although it did not actually begin until April. John determined to do his bit by buying $1000.00 worth. He had the cash and almost every mail contained one or more dividend checks. He was one of the first subscribers and now holds 10 good $100.00 Third Liberty Loan U. S. Government 4¼% bonds—the best and safest investment in the world. Mind you, he has bought these, not with his savings, but with the dividends from his savings. He might as well have included these bonds in his systematic investment purchases and had more money immedi-

ately free for the purchase of industrial or railroad securities. He knew that. But John was developing into a citizen of responsibility with practical patriotism. His country needed the money. The securities he owned also needed his country's protection. He derived positive joy from paying over the cold hard cash to Uncle Sam. He even went so far, at some inconvenience and loss of time, as to gather the money for these bonds in $20 gold pieces just because he figured Uncle Sam wanted it that way. Boyish sentimentality, you may call it. But I liked him the better when I heard of it.

Yet John was hard-headed enough in his judgment. As a stock-holder of record in many corporations he was deluged by mail with requests from promoters



all over the country who tried to sell him mining, oil, steel, airplane, munition and all sorts of other stocks and bonds that on paper, and according to the broker's promises, would make him immensely rich in a hurry. All such proposals found their proper resting place in the scrap basket. Incidentally, that's where most of such stock ultimately goes. Fortunately for John, he was not even tempted. He was wisely satisfied that he was following the best investment system on earth. Inasmuch as the foremost thinkers and most successful men agree with him, and are, many of them, doing the same thing, I am inclined to think it's good enough for me or anyone else, at any time of life. I'm pretty near 45 and I've just started. I can save more than John and I just wish you could watch me trying to catch up with him in spite of his ten year start on me. And I never miss a day or an entry in my expense book either.

OTHER DEVOTEES

I have a friend who began playing the game 3 months ago, for and in the names of his 5 year old boy and 21 months old daughter. Those kiddies will have something when it will do them the most good. I know a dear old lady of 64 who started playing two years ago because, for physical reasons, her application for life insurance was rejected. The past two years are the happiest of her life. She takes a new interest now in political, industrial and financial affairs, and in life itself. She keeps abreast of the times and is informed on how her investments are doing. She has ceased worrying. She has gained in health and strength. Any insurance company would pass her now. But now she wouldn't have a policy. She says she has something infinitely better. As she puts it, she's doing directly what the insurance companies would do with her premium money, and so she gets what, were she insured, would be the middle-

man's profit. I know chauffeurs, stenographers, a shoe salesman, a colored porter, the president of a big furniture factory, 2 bank clerks, a laundress, a street-car motorman, a prominent physician and a head waiter who are all playing the game at from $5.00 a month to $400 a month and every single one of them is happier, better off financially, physically, morally and mentally, for the playing of it.

The one among them who makes the least money is actually saving the biggest percentage of earnings. He gave me a happy phrase which I must repeat. He's a cockney. "If you don't get the 'abit of saving," said he, "the 'abit of spending will get you. Rawther neat, eh, wot?" I thought it was.

Now, then, let us see just what John was worth in February 1918:

Cash in hand	$287.62
Third Liberty Loan 4¼% U. S. Bonds	1,000.00
2 U. S. War Saving's Certificates	165.20
10 Bethlehem Steel "B"	800.00
10 American Can	400.00

10	Inspiration Copper	$460.00
10	International Nickel	285.00
5	American Linseed, preferred	370.00
5	Central Leather	350.00
5	U. S. Steel	475.00
5	Chino Copper	220.00
5	Republic Iron & Steel	390.00
5	B. F. Goodrich (Tire)	225.00
5	Utah Copper	420.00
5	American Locomotive	315.00
5	Bethlehem Steel "A"	405.00
5	Distillers Securities	200.00
5	Corn Products	165.00
5	Lackawanna Steel	390.00
4	Union Pacific R. R.	460.00
4	American Woolen	210.00
4	Miami Copper	124.00
4	Allis-Chalmers	100.00
3	Mexican Petroleum	276.00
2	U. S. Rubber	115.00
2	National Biscuit	198.00
2	Texas Company	300.00
2	International Harvest. of N. J.	250.00
2	Studebaker preferred	188.00
1	American Beet Sugar	80.00
1	American Steel Foundries	65.00
1	South Porto Rico Sugar	170.00
1	American Agricultural Chem.	88.00
1	Western Union Telegraph	90.00
1	Corn Products preferred	95.00
1	Sears Roebuck	152.00
1	Atlantic Coast R.R.	91.00
1	General Electric	137.00
		$10,511.82

EVER-PRESENT OPPORTUNITY

I believe firmly that anyone who will begin now to play the game under competent guidance, and who will go through with it, can accumulate more in the decade upon which we are entering than was possible in the decade just past. The coming decade—the next ten years—should, for the United States, be the most prosperous in the history of the world in any country for a similar period of time.

To me the most noteworthy part of this entire result is the large proportion of stocks included in the purchases, which have not done much in the way of price advance or large dividend yield. Two of the stocks have never paid any dividends at all. Others have yielded a very moderate return. The prices of half a dozen are lower in February 1918 than

they were in the February 1913 list, though some of these have in the meantime yielded liberal dividends. In the light of present knowledge as supplied by subsequent developments, one can see that many better selections might have been made. But taken as a whole, the list quite creditably reflects the ripe experience and expert knowledge of John's advisor. In at least two instances, the two which have thus far been most profitable, purchases were the direct result of long, painstaking investigation and close touch with the inside affairs of the issuing corporations. This strengthens my belief that with the one organization best equipped for the purpose now advising him and handling his account, John's progress in the next 10 years will be even more extraordinary. John will never set the world afire or through brilliancy win any sensational success. But he plays the game. Plays it consistently and steadily. He is not in the draft but he is the

right sort, and I think I will have still another friend "over there" pretty soon. Married now, too. And a little baby girl just come. But he's itching to be in it. And he'll make a better soldier for his 10 years of self-discipline.

Yet I think he'll carry on right through another 10 years at the game, just the same. If he gets his commission the pay will be enough properly to care for his family, and the income from his investments will take care of going on with more investments. The wife is just as keen on it as he is; so why not? I look to see John, God grant he comes back, worth $50,000 in 10 years and double that when he's 50. And come back he will, never fear, with medals. Meanwhile, his affairs are in good hands and his prosperity will increase. He bought another

good block last February and his dividends continue increasing. Any time you are sufficiently interested to ask how John's second 10 years investment affairs are going, I'll send you a list of his last purchase and his progress generally.

CASHABILITY

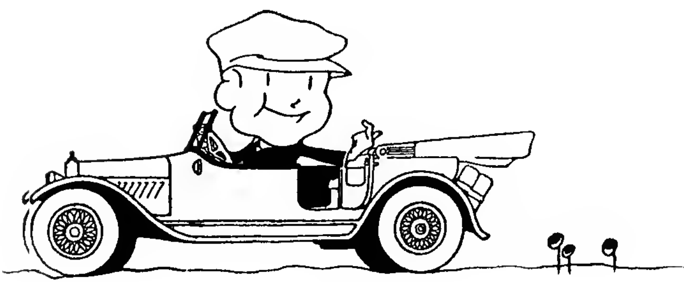
John's securities may be realized on any minute of any day during banking hours. On the stock market they may be worth a little more or a little less as you read this, than the February 1918 quotations in the list on page 53 show. Probably a little more, for time will have elapsed. The intrinsic value and the dividend returns however, are there and will be maintained. Their prices have been going up and going down in the market ever since they were bought, just as everything on the stock market does. But always the good securities keep working a little higher. Steadily, sometimes slowly, but always surely, the bottom of

succeeding recessions is not so low, the top of succeeding advances is higher. That is—the good ones. And picking the good ones is based on facts, on investigations, analyses, clear vision. See that you get into good hands. But anyway, get that expense book NOW and make your entries of *every* item EVERY day.

The actual savings invested over 10 years, which made John worth more than $10,000 were exactly $3122.20. Do you think he would have imagined he could save what he did? Could you or I or any of us do it without the ever present stimulus of constantly increasing accomplishment, helped along, almost as if by the magic hand of some good fairy? Had John deposited $25.00 monthly in a place where he would be paid regular interest at the rate of 4% from the very day of each deposit and compounded every 6 months, his total principal and interest at the end of the 10th year would have amounted to $3687.50. Why, interest

compounded at 20% would not reach the total he legitimately made through wise investment!

Let us cease to marvel at the rapid accumulation of great wealth. The combination is here. Open the door. Step in.



STOCKS AND BONDS

THEIR COMPARATIVE VALUES

Two young fellows in a town on Lake Michigan owned a lumber mill worth \$20,000. That's all they had. They needed capital; for with cash they could buy more timber, buy it cheaper and keep their mill running to capacity at all times thus making more money. The amount they wanted was \$30,000: but they did not care to put in the mill for less than a half interest in the profits and ownership. The bank where they kept their deposits was familiar with their earnings, which had been about \$5,000 a year. They told the bank president that with capital this could be at least doubled. He offered to lend them \$10,000 at 6% on mortgage, with the plant and business as security. But they wanted 3 times that, so they incorporated a company for \$50,000 capital stock, of which \$10,000 was 7% preferred stock and \$40,000 common stock. In addition to this they issued \$10,000 first mortgage bonds maturing in 10 years and bearing interest at 6%. A bond is the same as a note. When a company sells its bonds it is borrowing money. This \$10,000 bond issue was sold at par to the bank. Should the interest not be paid upon any interest date, the bond holder or holders could foreclose their mortgage. The bonds had first call on

earnings up to 6% annually and assets up to $10,000. They sold the preferred stock at $92, and $12,000 of the common at $90. This gave them the $30,000 they needed and left them $28,000, equal to 70% of the common. The preferred stock had preference up to 7% of earnings after the 6% had been paid bond holders and up to $10,000 of assets after bond holders were paid. Anything above that in earnings or assets belonged to the holders of the common stock.

The bonds were to be retired with a sinking fund of $1,000 a year. That is, $1,000 per year for 10 years was to be laid aside to take up the bonds at maturity.

The first obligation of the company was to pay $600 per year interest on the bonds. The second was to bank $1,000 per year to take them up. Whatever net profit the company made in excess of this $1,600 per year up to a total of $2,300 (that is $700 more) could be declared as dividends on the preferred stock. Everything over $2,300 could be declared as dividends on the common stock. After 10 years there would be no more bonds according to this program, and then common would be entitled to all profits after 7% had been paid on preferred, and would be the second instead of the third issue in seniority.

So you see, the bonds were the safest, but their return was limited to 6%. Next in safety came the preferred stock with dividends limited to 7%.

Third came the common stock. Dividends and value of this were dependent largely upon earnings. Should the company earn but $2,300 a year after providing for depreciation and replacement the value of common would be entirely prospective. Should it continue to earn $5,000 per year, it would permit dividends of 6¾% on the $40,000 common. If the expectations of $10,000 a year were realized that would leave $7,700 for dividends on common; equal to 19¼%.

That would make the income much greater on the common than on the preferred or on the bonds, but these would still have more safety. This safety would be a factor in fixing comparative values, for the maintenance of high earnings depends on management, product, market and many other conditions and considerations. In this particular case the common stock now brings a much higher price than the bonds or the preferred, because the boys have made and are making good, and because they give every promise and indication of building up a bigger plant and business.

But the relation of the three issues to each other in the matter of safety cannot well be altered.

1st: Bonds yielding 6%

2nd: Preferred Stock yielding 7%

3rd: Common Stock yielding 19¼%

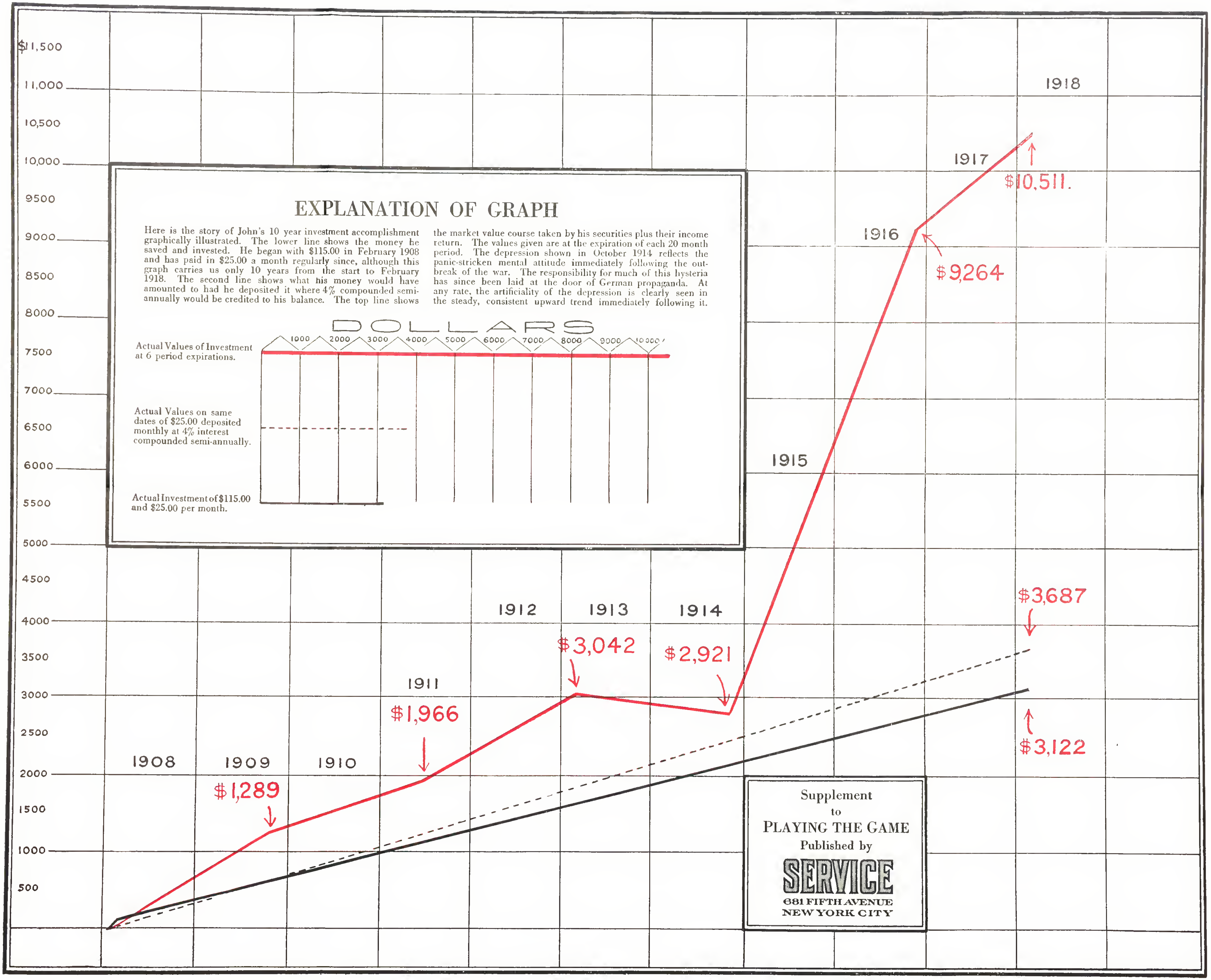
Yet in every highly successful company the common stock brings the highest price, has the biggest asset value behind it, and returns the largest income. Selections then, made for the purpose of determining the best value, as between classes of securities in any company, must be based upon values behind each, and prospective as well as present earnings.

The same conditions, broadly speaking, may be said to exist in the securities of any corporation, be it of a thousand, or a million, or a billion dollar capitalization.

A bond holder lends his money to a corporation on more or less tangible security. If he doesn't get his interest or his principal he can foreclose.

A holder of preferred stock is a partner in the corporation to the extent of limited profits. If he doesn't get his limited dividend he can wait.

A holder of common stock is a full partner in the corporation for all that is left after the bond holder and preferred stock holder get theirs. This remainder is sometimes less and sometimes more; and sometimes much more.



$11,500
11,000
10,500
10,000
9500
9000
8500
8000
7500
7000
6500
6000
5500
5000
4500
4000
3500
3000
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2000
1500
1000
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1908
1909
1910
1911
1912
1913
1914
1915
1916
1917
1918
$1,289
$1,966
$3,042
$2,921
$9264
$10,511.
$3,687
$3,122
EXPLANATION OF GRAPH
Here is the story of John's 10 year investment accomplishment graphically illustrated. The lower line shows the money he saved and invested. He began with $115.00 in February 1908 and has paid in $25.00 a month regularly since, although this graph carries us only 10 years from the start to February 1918. The second line shows what his money would have amounted to had he deposited it where 4% compounded semi-annually would be credited to his balance. The top line shows the market value course taken by his securities plus their income return. The values given are at the expiration of each 20 month period. The depression shown in October 1914 reflects the panic-stricken mental attitude immediately following the outbreak of the war. The responsibility for much of this hysteria has since been laid at the door of German propaganda. At any rate, the artificiality of the depression is clearly seen in the steady, consistent upward trend immediately following it.
DOLLARS
1000
2000
3000
4000
5000
6000
7000
8000
9000
10000
Actual Values of Investment at 6 period expirations.
Actual Values on same dates of $25.00 deposited monthly at 4% interest compounded semi-annually.
Actual Investment of $115.00 and $25.00 per month.
Supplement to PLAYING THE GAME
Published by
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